

Exhibit 34

4/13/2017

HPD Chief

Got His \$250K Payout But No One Will Say Who Gave It To

Honolulu Civil Beat


Honolulu

HPD Chief Got His \$250K Payout But No One Will Say Who Gave It To Him

Police officials complained earlier this week they didn't have the cash for departing chief Kealoha. But it turns out he'd already been paid.

21

By Nick Grube    / February 3, 2017

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Who exactly paid for Honolulu Police Chief Louis Kealoha's \$250,000 severance package?

That might sound like a simple question — maybe even a silly one — but city officials are refusing to provide any clear answers, which is raising doubts about the truthfulness and transparency around allocating taxpayer dollars.

On Wednesday, acting Police Chief Cary Okimoto told the Honolulu Police Commission that his department didn't have the money in its budget to pay Kealoha's settlement because the funds were already spoken for.

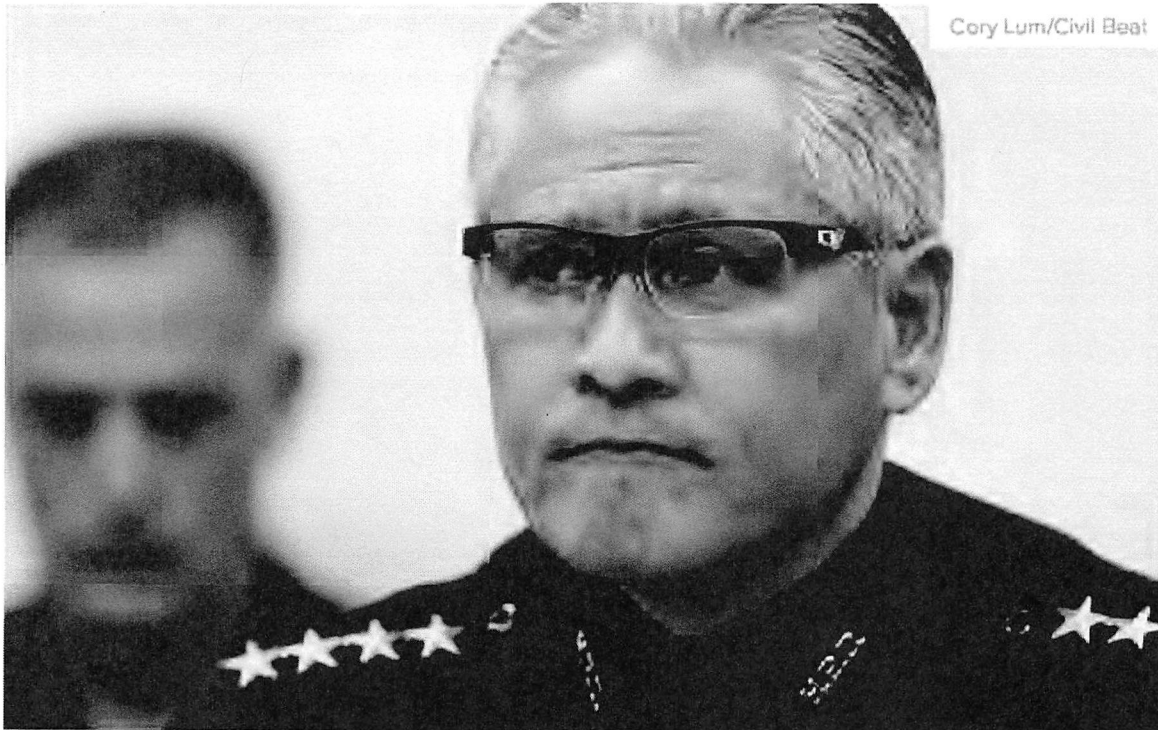
The department, Okimoto said, would have to go to the Honolulu City Council to get approval to shift money around so that they could cover the costs.

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Outgoing police chief Louis Kealoha has apparently already gotten paid his \$250,000 severance despite the fact he doesn't retire until March 1.

Assistant Chief William Axt, who oversees the department's finance division, reiterated Okimoto's statements, telling commissioners that city law required council approval of such a budget transfer.

Axt also warned the commissioners that the department might have to take money from other critical operations to help pay for Kealoha's settlement.

But it turns out the city had already cut the check for the outgoing chief, who's under investigation for public corruption.

Police Commission Chairman Max Sword told Civil Beat on Thursday that the payment was made Jan. 27 — five days before the commission meeting. Sword further said that the money had come from HPD's payroll accounts, something the department has denied.

Honolulu Police Department officials, including Axt, have said repeatedly that no payments have been made in relation to Kealoha's severance.

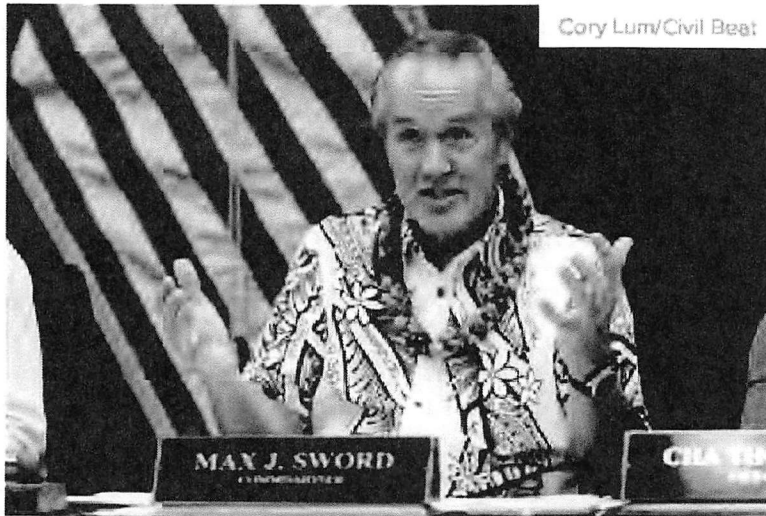
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So has the chief gotten his check? Where did the money come from, and why didn't the police commission chairman speak up when he had the chance?



Police Commission Chairman Max Sword doesn't believe Kealoha's settlement will hurt HPD's ability to protect the community.

Sword didn't offer a good explanation when asked about his silence during Wednesday's police commission meeting other than to say he understood the department's concerns. But he also said that he wouldn't have voted for a severance payment for Kealoha if he believed it would have

negatively affected HPD's budget.

"I wouldn't do anything to jeopardize HPD," Sword said, noting that he was told by city officials that the department would have enough financial cushion to cover the \$250,000 settlement. "I was reassured otherwise I wouldn't have done it or had the commission agree to it. I would have cut it off right from the start."

But there are deeper issues at play than just whether the department, which has a budget of more than \$275 million, could absorb the cost of Kealoha's settlement.

Loretta Sheehan is the only police commissioner to vote against Kealoha's retirement deal. While she said she couldn't speak on behalf of her colleagues, she said the conflicting stories that have emerged in recent days have been "disturbing."

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"To me this suggests two things," Sheehan said. "It suggests HPD is being kept in the dark, and it suggests — more nefariously — that the money is not in fact coming from HPD's budget, it's coming from somewhere else, which we do not have the authority to order."

"It's actually really important because when you make a budget it's essentially a promise of how money is going to be spent," Sheehan added. "It's disturbing because if they're now not taking money from HPD's payroll as we've been told all along then someone is lying to the police commission, someone is lying to the taxpayers and someone is lying to HPD."

The city charter doesn't give the police commission express authority to manage HPD's budget, including telling the department when and how it should spend its money.

In fact, the charter says the commission can review HPD's budget and make recommendations to the mayor, but it does not allow commissioners to "interfere in any way with the administrative affairs of the department."



Loretta Sheehan, a former federal prosecutor, is worried that city officials aren't being honest with the HPD and the police commission.

Commissioners, however, say they were told by city attorneys that they had the authority to negotiate and approve a severance payment for Kealoha because they are the only people who can hire, fire or otherwise discipline the chief.

City Councilman Ernie Martin, himself a lawyer, said he is opposed to the settlement deal with Kealoha. He also questioned whether the police

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commission has the legal authority to force HPD to pay Kealoha's \$250,000 severance out of its payroll account.

Martin even sent a letter to Okimoto this week telling him he should refuse to pay up so that other funding sources could be identified.

"This is a substantial sum and as we are only in the middle of the present fiscal year, I would hope that these funds would be expended for its intended purposes, to ensure for the safety and well-being of our communities and citizens," Martin wrote.

City Council Chairman Ron Menor issued a statement sympathizing with Martin's concerns. But Menor also said he believes there is enough money in HPD's budget to withstand the financial burden of Kealoha's payment.

Menor added that the city needed to be "mindful of the legal issues that are involved."

"I am sensitive to Chief Okimoto's concerns about the possible impact that the funding of the severance package might have on other departmental programs and services," Menor said. "I agree that we must not divert funds away from critical initiatives that keep our communities safe.

"However, my analysis of the City budget indicates that there are millions of dollars in unspent funds that lapse every year, meaning the department has ample cushion in its budget to cover essential law enforcement programs, services and the severance agreement."

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Cory Lum/Civil Beat



Acting Police Chief Cary Okimoto has been thrust into a difficult position after his predecessor was forced to retire as part of a growing corruption scandal.

If HPD needs more money, he said the department can submit a request in upcoming budget negotiations for fiscal year 2018.

The Caldwell administration has refused to comment on the matter. Civil Beat has asked Honolulu Mayor Kirk Caldwell's spokesmen, top city managers and his lead attorney for clarification on Kealoha's severance payment, but has not received a response.

Police Commissioner Steven Levinson said it's curious that no one in city government, including at HPD, seems to be providing direct answers to basic questions about where Kealoha's settlement money is coming from.

Levinson, who is a former associate justice on the Hawaii Supreme Court, said that he was never made aware of any problems associated with the funding source.

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He also believes there's a straightforward, simple explanation for all the confusion, although he admits the entire situation has allowed for a lot of posturing, whether it's by department officials who want to protect their coffers or by politicians who are seeking to score political points.

"I don't know why there's this verbal jockeying going on," Levinson said. "I'd like to be the answer store, but my inventory is limited. I wish someone would just put this whole thing to bed soon, because I think it's just generating confusion when it isn't necessary to do it."

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